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CONTENTS.

1. WAR-TIME CHANGES IN INDUSTRIAL EMPLOYMENT, by K. Forchheimer ... ... p. 269
2. THE PROBLEM OF INFLATION IN CONTINENTAL EUROPE, by J. Steindl 279
3. FOOD CONSUMPTION IN NORTH-WESTERN AND WESTERN EUROPE, 1943-4-5, by K. MANDELBAUM 287

WAR-TIME CHANGES IN INDUSTRIAL EMPLOYMENT

A COMPARISON BETWEEN THE TWO WORLD WARS

The White Paper on the War Effort (Cmd. 6564, p. 8) compares the Mobilisation of Manpower in Great Britain in 1918 and 1944 and gives the following percentage distribution of the whole population of working age :

	1944	*1918*
Forces (and whole time Civil Defence) ...	16.5	16.9
Group I Industries	15.8	10.9
Group II industries	17.8	15.3
Group III Industries	18.8	56.9
Rest of population	31.1	
Total	100.0	100.0

The share of the Group I Industries (Metal and Chemical Industries, in which about 80% of the labour force was employed in 1944 on orders for the Supply Departments) is considerably higher in this war than in the last war, and the percentage employed in Group II, comprising Agriculture, Mining, Government Service, Public Utilities, Transport, and Food, is also greater in this war. As the share of the Forces was roughly the same, the relatively greater rise of Group I and II industries must imply a smaller share of the other industries and/or of the non-employed population. It is, however, difficult to estimate what part

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of the remaining 56.9 per cent in 1918 was employed in Group III (comprising Building, Textiles, Clothing, Boots and Shoes, Distributive Trades and Other Manufactures and Services) and what part constituted the non-employed rest of the population of working age. It seems (from other sources) that both were relatively smaller in this war, especially the Group III industries ; the rest (the non-employed population of working age) was probably only a slightly lower percentage in 1944, but it has to be kept in mind that in the White Paper figures for this war each part-time worker (ca. 900,000 women or about 3% of the population of working age) was only counted as half a full-time worker and it is not certain how far this applies to the figures for rhe last war.

The White Paper figures serve to compare the entire War Effort in Man-power in both wars. We are concerned here with Labour only, with the war expansion of the labour force of certain industries and the contraction of others, and with the reverse movement to bring the mobilised labour force back to peace-time conditions.

There are two different series of figures, from the White Paper and from Unemployment Insurance Statistics, illustrating the change in industrial labour distribution *during this war*. They differ mainly[1] in three respects : (1) The White Paper is concerned with the whole active population, including employers ; the Insurance Statistics with workers only (including also the bulk of salaried persons). (2) The permanent staff of National and of Local Government, and of Railways is not included in the Insurance figures. The White Paper, on the other hand includes the members of the permanent staff actually employed in Government Service, but the male members, taken into the Forces during the war, are of course not counted as employed in 1944. (3) Part-time women employees are included in the White Paper figures (on the basis of 2 part-timers equal 1 full-timer) but not in the Insurance figures (at least only in so far as they were insured).

The figures relating to the last war were taken from data supplied to the Institute by the Government in 1939. They are based on estimates of the employed workers (including salaried persons), and they exclude employers. As in the White Paper the permanent staff of the Government and the Railways were apparently counted in so far as they were really emlpoyed in these services. It is not known to what extent part-time workers were included.

None of the series of figures for this war is, therefore, strictly comparable with those for the last war. In Tables I and II the results of both series for this war are presented. It turns out that *Insurance figures* are a better basis for comparisons in industry proper, agriculture and services, especially when comparing absolute figures. It seems however, that for National and Local Government, and for Transport 1914—1918 figures should rather be compared with the *White Paper* figures for 1939—1944.

The 17 sub-groups of industries in the Tables are those of the White

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[1] It has also to be remembered that White Paper figures relate to Great Britain, Insurance figures for this war to Great Britain and Northern Ireland, the figures for the last war to Great Britain and Ireland.

Paper. Their grouping into 3 large groups differs from the White Paper only so far as 'National Government' is taken into the first group (War Industries) which in this paper comprises all employment groups greatly inflated by war.

I. Expansions and Contractions of Industries

In spite of the withdrawal into the Armed Forces, the total number of industrial workers in both wars did not differ very considerably from pre-war numbers; if we take the figures of the White Paper (which are better fitted for comparison in this respect[1]), we see that the total labour force was reduced by 6 per cent in both wars.

The proportionate increase in female labour was smaller in this war than in the last war.[2] This increase represented 12 per cent of the total industrial labour force in 1918 and only 10 per cent in 1944. (As a percentage of the pre-war figures of women in employment, female labour increased by 50 per cent in the last war, and only by 40 per cent in this war; but these figures in themselves are not significant since employment of women in industry increased greatly between 1914 and 1939.)

The most striking result to be observed in Table I is that the changes in the three employment groups differed very considerably in the two wars. In the *War Sector* proper, i.e. Munition Industries + National Government, the increase of employment even of male workers was much larger in this war, and the Government succeeded in keeping employment in Group II (basic industries) more or less on the peace-time level, whereas in Group III (less essential industries) employment was reduced by more than a third. In the last war, on the other hand, the reduction in Groups II and III was the same (18 per cent).

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[1] In the private sector of employment the percentage changes are, on the whole, nearly the same according to Insurance Stqtistics and according to the White Paper; this means apparently that the numbers of employers (and of non-insured workers) changed at about the same rate as those of the insured workers in employment. But the figures of the two series relating to National Government, Local Government and Transports (Railways) differ very considerably. It has already been mentioned that in these employment groups the last-war figures are better compared with the White Paper figures. This applies also to the Grand Total of all gruops since the different results of the two series have in the main—as it seems—to be accounted for by the figures relating to these groups.

There remains the difference in counting women-part-time workers indicated above. The limits of error in the figure of 6 per cent total reduction (Whit Paper) introduced by this factor amount to about ± 2.5 per cent of pre-war employment.

[2] Estimates made at the beginning of this war by Miss H. Makower and Mr. H. W. Robinson in co-operation with members of the Institute of Statistics, Oxford, of the prospective changes in industrial employment during the war ('Labour Potential in War-time'), *Economic Journal*, Dec. 1939, p. 656) are very interesting in that respect. The estimates are on the whole, based on the percentage increase (or decrease) of workers employed in 1914—1918 (the same material has been used also for this study). The statistical material was completed by means of the 1931 Census, and of other statistics. Thus the figures used relate to the whole active population in industry; the results are, therefore, comparable with the actual figures published in the White Paper, which also includes employers.

Some deviations from the pattern of industrial distribution in the last war were admirably predicted, above all the high employment in Munition Industries, based on estimates on the cost of keeping a man in the forces in 1918 and in 1939. Forecast: 3,252,000 males, 1,659,000 females, total 4,911,000; actual figures: 3,210,000 males, 1,851,000 females, total 5,061,000.

But the authors obviously underestimated the withdrawal from industry for the Forces and they overestimated much more the war effort of the civilian population mainly by over-estimating the numbers of women to be occupied in industry by 60 per cent, while they overestimated the number of male workers only by 20 per cent. Even if we add the 530,000 women taken into the Forces to the numbers of females employed in industry, the forecast exceeds the actual numbers of females employed (White Paper) by about 3 millions. The difference is even larger if we compare the forecast with Insurance figures.

The success in keeping employment in Group II higher than in Group III in this war, can be seen from the figures for men and women alike. In Group II the number of males was reduced much less, and the number of females increased much more in this war; in Group III, however, male labour was reduced more in this war, and female labour, which had increased by 8 per cent in the last war, was also reduced.

Employment in the Metal Industries expanded about as much as that in the Chemical Industries in both wars. But the rate of expansion of the two industries was nearly twice as high in this war (67—and 63—per cent) as in the last when it amounted to 34 per cent only. The percentage expansion in ' National Government ' was much larger than in the ' Munition Industries ' in both wars.

All the industries in Group II contracted considerably in the *last* war. In *this* war, employment in them contracted less or even increased, with the exception of Public Utilities and Food. (The larger contraction in Food Industries may be accounted for not only by the reduction of consumption but also by larger imports of manufactured food during this war).

Among the industries of Group III the larger contractions of employment in Distributive Trades, and also in Textiles, Clothing, Paper and Printing in this war are particularly striking. Female labour largely replaced male labour in the last war in Distributive Trades and in Services (and to a smaller extent in Miscellaneous Industries and Wood); in this war this was not the case.

Table II, presents the changes in *absolute* figures. It does not show how far the reduction in man-power in the contracting industries is due to the calling up of male workers, and how far to the transfer of workers to other industries; the reduction in the numbers of females gives a better indication of this, since their intake into the forces was relatively smaller. New entrants (juveniles) and the temporary employment of retired workers (and of workers who would have retired under different circumstances) are not taken into account. The displacement of workers *within* each group is not shown. But the Table presents roughly the net effect of redistribution of workers out of and into certain industries.

In all columns (Total, Men, Women) the sum of expansions and the sum of contractions has been much greater in this war. Only the contraction in the numbers of male workers, above all in Transport, Agriculture, Mining, was smaller in this war; this can be explained by the fact that the percenrage of the adult male population called up to the forces was smaller.

II. The Task of Reconversion.

As more workers were displaced during this war, it would appear that the problems of the re-adaptation of labour to peace-time conditions

Table I *Percentage Changes in Employment*[1]

Industries	**Total** (Males and Females) 1939—1944 Employed Insured[2]	**Total** (Males and Females) 1939—1944 White Paper	**Total** (Males and Females) 1914—1918 Employed Workers	**Males** 1939—1944 Employed Insured[2]	**Males** 1939—1944 White Paper	**Males** 1914—1918 Employed Workers	**Females** 1939—1944 Employed Insured[2]	**Females** 1939—1944 White Paper	**Females** 1914—1918 Employed Workers
	Per cent			Per cent of the *total* employed in each industry in 1939 and 1914 respectively					
National Government[3]	+319	+88	+134	+130	+19	+33	+189	+69	+101
Chemical Ind.	+ 67	+63	+ 34	+ 16	+20	+ 2	+ 50	+43	+ 32
Metal Ind.	+ 63		+ 34	+ 24		+11	+ 39		+ 23
Group I: War Ind.	+ 80	+67	+ 50	+ 30	+20	+13	+ 50	+47	+ 37
Local Government	+ 36	— 7	— 17	— 3	—23	—22	+ 39	+17	+ 5
Transport[4]	+ 15	— 2	— 18	— 3	—15	—26	+ 17	+13	+ 8
Agriculture	+ 2	+ 2	— 20	— 14	— 9	—24	+ 16	+11	+ 4
Mining	— 7	— 7	— 19	— 8	— 8	—20	+ 1	+ 1	+ 1
Public Utilities	— 23	—22	— 11	— 30	—29	—17	+ 7	+ 7	+ 6
Food[4]	— 23	—22	— 14	— 17	—19	—21	— 6	— 3	+ 7
Group II: Basic Ind.	+ 1	— 6	— 18	— 10	—15	—23	+ 11	+ 8	+ 5
Miscellaneous Services	— 19	—25	— 6	— 19	—28	—29	0	+ 3	+ 23
Wood	— 25	-	— 18	— 33	-	—30	+ 7	-	+ 12
Miscellaneous Ind.	— 25	—34	— 16	— 22	—32	—29	— 2	— 2	+ 13
Distributive Trades	— 33	—33	— 7	— 30	—32	—28	— 2	— 2	+ 21
Textiles	— 38	—38	— 17	— 17	—18	—14	— 21	—20	— 2
Clothing	— 39	—41	— 17	— 12	—13	—12	— 27	—28	— 5
Boots and Shoes		—35			—27			— 8	
Paper and Printing	— 45	-	— 27	— 30	-	—26	— 15	-	— 1
Building	— 52	—52	— 49	— 53	—53	—52	+ 1	+ 1	+ 2
Group III: Less Essential Ind.	— 35	—35	— 18	— 29	—31	—26	— 6	— 4	+ 8
Grand Total	0	— 6	— 6	— 11	—16	—18	+ 11	+10	+ 12

For Footnotes to Table I, see Table II, p. 275.

TABLE II

Changes in Numbers Employed[1]

Industries	**Total** (Males and Females)			**Males**			**Females**		
	1939—1944		1914—1918	1939—1944		1914—1918	1939—1944		1914—1918
	Employed Insured[2]	White Paper	Employed Workers	Employed Insured[2]	White Paper Thousands	Employed Workers	Employed Insured[2]	White Paper	Employed Workers
National Government[3]	+ 654	+ 476	+ 521	+ 266	+ 104	+ 129	+ 388	+ 372	+ 392
Chemical Ind.	+ 224	+1955	+ 67	+ 55	+ 610	+ 3	+ 169	+1345	+ 64
Metal Ind.	+1726		+ 614	+ 654		+ 190	+1072		+ 424
GROUP I: War Industries	+2604	+2431	+1202	+ 975	+ 714	+ 322	+1629	+1717	+ 880
Local Government	+ 152	— 56	— 95	— 12	— 198	— 125	+ 165	+ 142	+ 30
Transport[4]	+ 119	— 23	— 206	— 22	— 184	— 305	+ 141	+ 161	+ 99
Agriculture	+ 11	+ 19	— 178	— 100	— 98	— 211	+ 111	+ 117	+ 33
Mining	— 63	— 58	— 244	— 70	— 66	— 250	+ 8	+ 8	+ 6
Public Utilities	— 48	— 50	— 7	— 64	— 65	— 11	+ 15	+ 15	+ 4
Food[4]	— 146	— 145	— 78	— 107	— 122	— 117	— 39	— 23	+ 39
GROUP II: Basic Industries	+ 25	— 313	— 808	— 375	— 733	—1019	+ 401	+ 420	+ 211
Miscellaneous Services	— 245	— 469	— 43	— 251	— 529	— 216	+ 5	+ 60	+ 173
Wood	— 62	-	— 55	— 80	-	— 90	+ 18		+ 35
Miscellaneous Indust.	— 101	— 488	— 79	— 93	— 462	— 140	— 9	— 26	+ 61
Distributive Trades	— 712	— 959	— 120	— 659	— 916	— 484	— 53	— 43	+ 364
Textiles	— 404	— 377	— 250	— 177	— 180	— 214	— 226	— 196	— 36
Clothing	— 253	— 238	— 148	— 78	— 73	— 104	— 175	— 165	— 44
Boots and Shoes		— 58			— 44			— 14	
Paper and Printing	— 214	-	— 111	— 141	-	— 105	— 73	-	— 6
Building	— 709	— 687	— 458	— 721	— 694	— 480	+ 13	+ 7	+ 22

GROUP III : Less Essential Industries	—2699	—3276	—1264	—2200	—2898	—1833	— 501	— 377	+ 569
Grand Total	— 71	—1158	— 870	—1600	—2918	—2530	+1529	+1760	+1660
Sum of expansions	+2886	+2432	+1202	+ 975	+ 714	+ 322	+2105	+2220	+1746
Sum of contractions	—2956	—3589	—2072	—2575	—3631	—2852	— 575	— 460	— 86

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[1] The changes are computed from Mid-1939 to Mid-1944, and from Mid-1914 to Mid-1918 ; in both cases the figures do not cover the whole war, but the main period of expansion and contraction. An article in ' The Ministry of Labour Gazette,' August 1945, p. 126, carries the White Paper figures to the end of May 1945 ; the only substantial difference is the reduction in Munition Industries by 519,000 (special figures for the Metal and the Chemical Industry are not given. Insurance figures are available only up to Mid-1944, therefore the White Paper figures for Mid-1944 were also used. The figures relate to persons over 14 years of age, for this war, to ages from 14 up to the upper limit in the Unemployment Insurance.

[2] The figures used for 1939 are the numbers of Insured minus the numbers of Unemployed. For 1944 figures of Unemployed by industries are not available ; but unemployment was so low in that year that the difference is of no importance.

[3] For 1944 including National Fire Service in ' Employed Insured ' but not in the White Paper figures (included in Civil Defence). For 1914 and 1918 including ' Government Establishments.'

[4] Fishing is included in the numbers of Insured in Food Industry, but in Transport in the White Paper figures.

will be greater. But this is not generally true. We can expect a tendency towards full employment at least for some years after the war, while in 1920, only 20 months after the armistice, serious unemployment had already started ; frictional unemployment is, however, likely to be a more difficult problem this time, at least during and immediately after the demobilisation stage in those industries in which the labour force was greatly inflated by the war. Shortage of labour (which was complained of during the post-war boom after the last war) is also likely to be more serious since the labour force of many important industries was much more reduced this time. It may even be difficult to bring employment in some of them back to the pre-war level, and in the first phases of the transition stage lack of labour may be accompanied by considerable frictional unemployment.

The magnitude of the task of avoiding frictional unemployment in some industries and simultaneous shortage of labour in others is better illustrated by the changes in absolute numbers of workers in each industry (Table II) than by percentage changes. As far as the labour market is concerned, the Insurance figures relating to workers only give a better indication than the White Paper.'[1]

By far the biggest absolute expansion in workers employed in this war took place in the Metal Industries which had a net influx of more than 1,700,000,[2] compared with 600,000 in the last war. The distribution of the increase within this large industrial group differed, however, significantly in the two wars as the following figures show :

Expansion of Metal Industries

	Change 1939—1944		Change 1914—1918	
	'000	%	'000	%
Vehicle Construction (incl. Aircraft)	+656	+122	— 39	—19
Engineering (incl. Electrical Ind.)	+870	+ 78	+593	+75
Shipbuilding	+141	+ 96	+ 21	+ 8
Other Metal Industries ...	+ 60	+ 6	+ 39	+ 9
Total Metal Industries ...	+1,726	+ 63	+614	+34

A contraction of those Metal Industries which expanded much more in this war (particularly of Vehicle Construction and Shipbuilding) during the transition stage is to be expected. Large-scale exports may make the contraction less drastic in the medium run.

Next comes the expansion of Government Services by about

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[1] The figures of the two series are very similar for predominantly large scale industries, such as the Metal, Chemical and Textile Industry, but the figures of the White Paper (including also employers) are—as could be expected—larger for industries in which small firms play a large part, such as Distributive Trade, Services, Clothing (including Boots and Shoes) and Agriculture. Only the Insurance figures are comparable with the figures for the last war.

For Government Service and Transport the absolute Insurance figures also give a better indication of the turnover of labour to be expected in the next few years, since they show the increase in the numbers temporarily employed during the war.

[2] According to ' The Ministry of Labour Gazette,' August 1945, p. 126, the numbers in Munition Industries have already been substantially reduced from June 1944 to May 1945 (by 519,000). It is not indicated what part of the reduction concerns the Metal Industries and what part the Chemical Industries.

800,000 workers according to the Insurance Statistics. These are more significant than the White Paper figures, since they give an approximate idea about the numbers of temporary members of the staff, many of whom have now to look for a new job on the return of the permanent staff. No comparison is, however, possible with the last-war-figures which include also the permanent staff actually employed in Government Services. In the Chemical Industry the increase of 224,000 was by about 150,000 larger in this war. It is difficult to foresee how much of this war-time intake will be retained in growing branches of the industry.

At the other end of the scale are Distributive trades and Building. The loss of more than 700,000 workers in Distributive trades is nearly six times as high as in the last war, mainly because female workers were substituted for males in the last war, whereas during this war female labour in these trades was also reduced. Even if Government policy was directed towards restricting entry into the distributive trades, a considerable re-expansion is inevitable to handle the greater prospective turnover, and it is not unlikely that post-war employment will be greater than the pre-war figures.

Employment in Building (including Public Works and Building Materials) was also reduced by about 700,000 workers, practically all males. This loss is 50 per cent higher than in the last war. According to Insurance figures for Building and Public Works the labour force employed increased by 65 per cent from Nov. 1918 to 1920; by then employment had already reached the 1914 level. On the other hand, to reach the planned figure of 1,250,000 building workers during the next few years the labour force employed in Building *proper* at the end of this war has to be increased by more than 200 per cent (by about 20 per cent over the pre-war level).

In the Textile Trades more than 200,000 female workers have to be brought back into this industry, if it is desired to restore the pre-war level of employment (compared with 36,000 in the last war) ; the position in the Clothing Industries is similar (175,000 compared with 44,000). In the transition stage after the last war the textile industry went through a short phase of sharp expansion to meet the uncontrolled domestic and foreign demand (though the 1920 boom in textiles, especially in the export sector, was mainly a price boom ; employment figures did not quite reach pre-war figures), and suffered a severe relapse afterwards. In the transition stage up to the boom there were complaints about labour shortages. Similar complaints are already voiced to-day. It is hardly desirable to expand employment substantially above the anticipated long-term level, but it is difficult to estimate this trend level in the various branches of the Textile Industry. In any case, it can be expected that labour shortage in the Textile, Clothing and Boots and Shoes Industries will be more serious in the coming transition stage.

It would certainly be a mistake to assume that most industries have simply to get back to pre-war levels of employment. Table III illustrates employment in the transition period after the last war based on Unemployment Insurance statistics and for some industries on index figures calculated by means of chain indexes from employers' returns of employment. In order to indicate how far employment in the transition stage came back to the pre-war levels the index figures include also those for 1914; figures showing the war-time change between 1939 and 1944 are added for comparison.

TABLE III

Employment Changes in some Industries during the Transition Stage after the last War Compared with War-time Changes

Industries	July 1939	July 1914	Jan-June 1920	Post-War-Peak	July 1921
	1944*=100	November 1918=100			
Engineering	56	57	93	July 1920 98	68
Shipbuilding	51	92	115	Aug. 1920 120	87
Vehicle Construction	44	124	139	Mar. 1921 169	151
Iron and Steel ...	93	?	122	Dec. 1920 142	95
Chemicals ...	67	?	72	Mar. 1921 80	74
Building ...	216	163†	149	Nov. 1920 165	147
Food, Drink, Tobacco	132	116	139	Dec. 1919 144	127
Textiles ...	161	125	120	June 1920 121	91
Boots and Shoes ...	149	121	122	Apr. 1920 123	105

*July 1944.

†This figure should be 196 according to Table I but Insurance figures of employment in Building for Nov. 1918 differ considerably from the figures used for Table I (July 1918).

As can be seen, employment figures for most of the industries in 1920 differ considerably from pre-war figures (in 1914). There is, of course, no reason to expect that the reaction will be similar in all industries after this war. But one general feature is likely to be similar. In the production goods' industries the demand of the home market and for export will in general be large during the transition stage. After the last war high employment in these industries continued longer than in the consumers' goods industries. This is the more remarkable as it is contrary to the usual experience in a boom. The explanation can be found in the export situation, where there was an urgent demand, especially from newly industrialising countries, for iron and steel and for machinery. Foreign demand for iron and steel was larger in the second half of 1920 than in the first; the value of exports of machines was higher in 1921 than in 1920. After this war not only foreign demand but also home demand for investment goods is likely to remain large for a much longer period. In the consumers goods' industries, on the other hand, especially in the less essential civilian industries, employment will—as after the last war—increase and, in general, tend to reach the pre-war level or even a somewhat higher level, at least for some time.

But there the similarities end, since the war-time change in employment in some industries during this war differed substantially from those in the last, and since the trend of demand and the development of industries will not be the same in the 'forties as it was in the 'twenties; the fate of individual industries cannot be ascertained from past experience only.

K. FORCHHEIMER.

THE PROBLEM OF INFLATION IN CONTINENTAL EUROPE

I. The Background of the Problem

The liberation has brought about in every European country concerned an acute danger of inflation, and in varying degrees and forms inflation has occurred and is occurring in most of these countries. The chief reason is in all cases a sharp reduction in the supply of consumers' goods, while the demand for them is maintained at a relatively high level. The order of magnitude of the reduction in supplies can be seen from the example of *France* where, shortly after liberation, industrial production was 30 per cent and agricultural production 50 per cent of the pre-war level.[1] In most other liberated countries the situation was as bad or worse. For this, in the first instance, the great twin bottlenecks of continental Europe, transport and fuel, are responsible; further reasons are administrative chaos, temporary disruption of foreign trade, physical destruction, and lack of replacements in industry and agriculture. At a later stage, when the main bottlenecks have been broken, there is bound to appear a general labour shortage. On the other hand, the demand for consumers' goods had not fallen anything like the supply, even where there is great unemployment (due to bottlenecks) and where incomes are consequently low. From what sources is this demand fed? It would seem that neither central and local government expenditures, nor, in the occupied countries, the spending of occupying forces, are in themselves a complete explanation. There is a much more general reason for the maintenance of demand, namely *dis-saving* on a considerable scale. Whoever has any savings at his disposal, will, under conditions of great scarcity, if his income does not allow him to maintain anything like his accustomed standard of life, try to keep up this standard at least partially by spending his savings. This applies to unemployed workers as well as to managers and business men who have no current income if production is at a standstill.

It may be noted that the spending of occupation troops exerts its inflationary influence to a large extent only in combination with the above mentioned dis-saving. The amount of spending of occupation troops seems in some countries indeed formidable. In *Austria* the combined expenditure of occupation forces, at an annual rate, is of the same order of magnitude as the pre-war national income of Austria. To a large extent, it seems, these sums are not spent for current production but for valuable and easily transportable goods (watches, jewellery etc.) which serve as an investment and are taken out of the country by the occupation troops. The sellers of these valuables then use the currency received in order to buy food etc. in the black market. The expenditure of occupying forces thus, in so far as it is directed towards the 'valuables' mentioned, only *facilitates* the process of dis-saving, which could still go on without it.

It will be asked whether dis-saving by itself is a sufficient condition of inflation, and whether an increase in the note circulation either by the government or by the occupation forces is not a necessary additional condition. This is not the case. In most countries the note circulation was fairly abundant before the liberation and it has become even more abundant in relation to the subsequently reduced level of production. The velocity of circulation on the black market is probably fairly high, so that no increase in monetary circulation, under the circumstances, would be necessary to permit the inflation. The old precepts of 'stopping the printing press' or 'reducing government expenditure' are, therefore, thoroughly inadequate to deal with the existing situation.

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[1] T. Balogh, The Economic Problems of France. Bulletin Vol. 7, No. 4 and 5.

A word must be said about the *form* which inflation often takes to-day on the continent. We have, for example in *France* after the liberation, or in *Austria* to-day, a certain sector in the economy in which goods are rationed, and sold at controlled, and rather low prices. A considerable amount of goods, however, do not enter this controlled market, but go into the black market, in which inflation is in full swing. The trouble is that the rations obtainable in the controlled sector are inadequate, so that the black market becomes important for everybody. This is the worse for those whose savings have become exhausted, and whose incomes are insufficient to permit them to compete in the black market. In Austria, for example, wages have been kept more or less at pre-liberation level; prices in the black market have reached fantastic heights, and as the official rations are still very small, the workers are heavily squeezed by the inflation.

Another characteristic of the present-day inflations is the great role of barter. Transactions without cash are frequent, and many goods serve as substitute for money.

What are, in general, the consequences of inflation ? Its harmful effects can be summed up under the following heads.

(i) Real wages of workers are reduced, owing to the necessary lag of wages in comparison with prices. The incentive to work suffers considerably under these circumstances.

(ii) The real value of fixed incomes such as pensions is reduced.

(iii) Small savings are, to a large extent, destroyed. This happens not merely because their real value is reduced owing to the price rise, but because to a considerable part the small savings are squandered on the black market—and, in view of the high prices, squandered at a very quick rate. This is due to the pressure of need (unemployment, low wages etc.). In so far as small savings actually disappear in this way, their fate is of course independent of the question at which level prices will ultimately be stabilised. Also savings other than in money can be affected by this factor.

(iv) Considerable profits are made in black market trade ; they partly serve again to feed the demand in the black market, partly they are invested in all kinds of goods of ' stable value ' (jewellery, antiques, etc.) and in foreign currency. The extent of the black market makes it likely that in the countries affected a stratum of ' nouveaux riches ' of the most doubtful type will appear as a result of the inflation.

(v) Hoarding of commodities takes place, especially withholding of supplies by the peasants. (This consequence may even arise from the mere fear of inflation, it does not require necessarily an actual inflation). Moreover, in the case of working proprietors, like the peasants, the incentive to work is considerably reduced, in so far as they have difficulty in receiving either goods for current use or ' safe investments ' in return for their labour. (In contrast to the small working proprietor, the capitalist entrepreneur derives a special incentive from the inflation, due to large profits and a low ' real ' rate of interest).

(vi) The exchange rate of the inflated currency undergoes a speculative depreciation, in anticipation of further inflation, and in connection with capital flight. This tends to despoil the country further of goods. The instability of prices also hampers foreign trade, but against this a remedy can be found in compensation (barter) agreements.

II. CONDITIONS FOR THE CONTROL OF INFLATION

The war-time experience of Great Britain has shown that it is possible to control inflation by a system of price control and consumer rationing covering the greater part of essential consumers' goods. This experience is, however, not immediately applicable to continental countries in their present situation. For one thing, we have to deal not with a threatening inflation there, but we have to stop an inflation which is already running wild. Further, there is the great difference in agricultural structure: From the existence of a peasant economy arise special problems.

As has been stated before, in many of the liberated countries rationing systems exist, and prices of the goods distributed in this way are controlled, but a large part of the supplies finds its way into the black market.[1] This makes the control of inflation ineffective. For a successful control it is not only necessary that the government shares out essential consumers' goods fairly, but also that it can lay its hands on all the supplies produced and imported. It has been suggested, in a report of the *International Labour Office*,[2] that a necessary condition for directing the whole flow of supplies into the official market is full control over transport by the government.

This, however, will not be sufficient by itself. One could indeed imagine that a complete and stringent control of transport from country to town would deprive the black market of its supplies, and yet fail to give the government control over them. This is likely to happen, because the peasants, being unable to sell their produce in the black market, might well prefer to withhold it altogether, at least for a time long enough to wreck the whole policy. There is a grain of truth in the opinion often heard, that black market trade, however undesirable, is a way of getting supplies from the country into the towns, and if it is stopped, the urban supplies would become even scarcer.

The problem of inflation therefore ultimately turns on the question of how to induce the peasants to hand over their produce to the government. One alternative is, of course, sheer force: Requisitioning by police methods. Quite apart from its political implications this method is very inefficient, and often completely self-defeating. In the worst case there will be wilful destruction and hiding of produce. In *any* case, there will be wanton waste and increase in the peasants' own consumption (for example, of meat). What is more serious, the *output* will be quickly reduced. These considerations gain additional force if we have to deal with a partly devastated agriculture, depleted of equipment and livestock, where it is indispensable to get a substantial *increase* in agricultural production.

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[1] Cf. *The Maintenance of High Levels of Employment during the Period of Industrial Rehabilitation and Reconversion.* International Labour Conference 27th Session Report II. Montreal 1945, p. 69 sequ.

[2] *Ibid.* p. 70.

The alternative way to requisitioning is that of offering a positive inducement to the peasants to deliver to the government. Their reluctance to do so at present is based on the fear that the money they receive is going to depreciate more and more in value ; moreover, they are hardly able to get industrial goods for this money. The black market trade partly overcomes the peasants' reluctance to sell, because it offers them industrial goods on barter terms (or else such high prices in money as enable them to buy industrial goods in the black market). The attitude of the peasant is hardly unreasonable, especially in areas where he is short of essential consumers' goods and means of production (petrol, tools, boots, etc.)

The government has ways and means of solving this problem, once it can get industrial production going to some extent. If it exercises control over industrial production, and over available stocks of industrial goods, it can allocate a certain proportion to the peasants ; and it can proceed to barter these industrial goods against the agricultural produce, replacing in this way the black market.

This barter cannot be done, of course, with the individual peasant. It is necessary, for this purpose, to form *peasant co-operatives*, on a local basis, for example for each village, which in turn would form regional co-operatives. These co-operatives should be voluntary and strictly democratic in organisation. They would conclude barter agreements with a state office for the purchase of agricultural produce and sale of industrial goods to the peasants. These barter agreements are essentially the same as the device of ' compensation agreements ' used in foreign trade. They need not necessarily be on the basis of immediate delivery ; they may stipulate that the state office takes over the grain partly against subsequent delivery of such and such industrial goods in the course of a number of months, at fixed and agreed terms of barter. The main point of the agreement is that the risk of inflation is eliminated. The self-administrating co-operatives would carry through the distribution of industrial goods received in accordance with the contribution of the individual peasants. They would, moreover, form the most suitable instrument for carrying through agricultural reconstruction—the distribution of new equipment, livestock, etc.

Carrying through such a policy presupposes a number of conditions on the industrial side. The government must have sufficient control over industrial production and foreign trade to enforce its priorities. In practice this will mean nationalisation of large scale industries. In most of the countries concerned, where the ravages of war have gone very deep, this seems to me, in any case, inevitable.

To sum up : The control of inflation requires, first, the introduction or continuation of fairly comprehensive rationing of consumers' goods in towns, second, a complete control of transport by the government, and third, a method of inducing peasants to part with their produce, such as the barter arrangements described above.

III. SCHEMES OF BLOCKING MONEY—THEORY AND PRACTICE

It may be suggested that an alternative way of killing the black market would be to deprive it of its funds, by a scheme of currency blocking, thereby reducing the purchasing power in the hands of the community. To analyse the theoretical working of such a scheme we shall turn to the account given by Mr. de Scitovszky of his plan.[1] The scheme involves the sudden withdrawal of all banknotes and blocking of all bank accounts. Each person is issued with a certain ' ration ' of new banknotes, the excess of his former cash holding over this ration is credited to him and blocked together with his bank deposits. Retailers are than required to sell only against cash. The blocked accounts (on which cheques may be drawn) can be used for all payments from one firm to another, for all payments of wages, payments of interest, rent and specified other purposes. All the cash which retailers obtain by selling their goods has to be delivered up again to a control agency which checks their purchases and prices. Each month all consumers receive again a new ' ration ' of cash (which is deducted from their blocked account). Thus there are two kinds of money in circulation: Cash, which is used to buy consumption goods, and blocked accounts which are used for all other payments. The monthly spending on consumers' goods is in this way controlled. The effect of the scheme would be essentially similar to a scheme of general rationing as devised by Mr. Kalecki.

Mr. de Scitovszky's scheme was published some years ago. In the meantime, schemes of blocking currency have gained wide circulation and have become important in practice. It is important to point out how totally different in concept and in its effects are these versions of currency blocking from the above scheme. A good example is the *Belgian* currency plan (Gutt plan) inaugurated in September 1944. The concept of this plan was simply to reduce the quantity of money (cash and deposits) by blocking. Part of the blocking was permanent, the funds to be ultimately absorbed by taxation or exchanged into government securities, another part of the blocking was temporary, the funds to be gradually released (with the idea that production would expand *pari passu*). In October, 1944, all cash (except small notes) was withdrawn and a moderate ration of new notes issued to everybody. Bank deposits were, however, blocked only above the level which they had in 1940, or above the amount of 10 per cent of their current level, according to the depositor's choice.[2] The blocking was accompanied by certain restrictions on the granting of new credit by banks. At the beginning the withdrawal of (non-blocked) bank deposits was restricted to a small amount per week. Already a few weeks after the initiation of the blocking however, together with an additional release of blocked cash, the restrictions of withdrawal from (non-blocked) bank deposits were lifted.

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[1] T. de Scitovszky, The political economy of consumer rationing. *The Review of Economic Statistics*. 1942. p. 122.

[2] Enterprises were permitted to withdraw a certain amount per head of personel engaged (for the purpose of wage and salary payments), but this was alternative, not additional, to the other exemptions from blocking mentioned above.

This short description suffices to show that the scheme had nothing in common with any effort to limit actual *spending* and that it could not possibly have restricted the black market except for a few weeks. Already three weeks after the blocking the owners of deposits could dispose of substantial sums in cash. But apart from this, there is no provision in the scheme for drawing off the cash received by retailers. But without this there is, of course, no control of spending or restriction of the black market. If retailers, wholesalers and manufacturers have free disposition over the cash they receive, they can increase their consumption and buy in the black market as much as they like. It is true that this may mean withdrawing the cash from their business activities, but in the circumstances they may prefer to eat well rather than to produce. The effect of a blocking scheme of this type is thus to hurt only the small wage earner, and leave to the independent business man or owner of substantial deposits unrestricted freedom of spending.

The inadequacy of this type of blocking scheme would be obvious to everybody if it were not for the mysterious hold which the quantity theory of money still has on people's minds. It is, however, plain that a reduction in the quantity of money cannot achieve the equitable limitation of everybody's expenditure to a level low enough to equal total expenditure with the available supplies. If it cannot do that, it also cannot eliminate the inflationary pressure on prices in the black market. If a blocking scheme of the type criticised creates a real stringency of cash then the cash will partly be diverted from legitimate trade and production to the black market, where its velocity of circulation is in any case very high ; the effect will then be a further reduction of supplies on the official market and a restriction of production. In practice, of course, the scheme is unlikely to be carried to this length. The Belgian currency blocking created a temporary stringency of cash, lasting a few weeks, and then very quickly cash and disposable funds again reached levels which, in relation to the restricted volume of production, were abundant. The black market continued to flourish and has not been eliminated even up to now, in spite of considerable imports of supplies under lease-lend and mutual aid.

Another blocking scheme of a similar type has been put into operation recently in Czechoslovakia. It differs from the Belgian scheme mainly in so far as the deposits are fully blocked with the following exceptions only : Enterprises are allowed to draw a sum corresponding to their wage bill for one month, and in addition they may draw 10 per cent of their deposits (but not more than twice the amount released for wage payments), if these funds are necessary to carry on business (raw material purchases, repairs, etc.). Private owners of deposits are in specific cases (mainly if they have no other means of livelihood) allowed to draw on them. Thus the blocking of deposits is stricter than in the Belgian scheme.

Although the methods of reducing the quantity of disposable funds by blocking cannot constitute any solution for the problem of inflation, they may not be useless as a *supplementary* measure. Blocking of liquid funds is essential for the levying of a capital tax, and although this tax cannot be actually levied before a valuation of real assets has been carried out—which takes time—it should be useful at once to freeze the funds concerned. For this purpose it would be, however, quite sufficient to leave funds up to a certain moderate amount per person—in other words, small savings—unblocked. This would avoid a considerable amount of hardship and unfair treatment of small savers who happen to have mainly liquid funds, and little other property. The blocking of all funds above this level (with exceptions roughly as in the Czech scheme) should have the following advantages: (1) Dis-saving by well-to-do people would be prevented in so far as their assets are held in liquid form (the effect would be greater if securities, too, were blocked).

(2) In an inflationary situation these liquid assets (and, in addition fixed interest bearing securities) exert a very great pressure on the market of durable goods (valuables), houses and foreign exchange (' flight into real values'). If they are blocked, therefore, this should press down the prices of these durable goods and of foreign exchange (blocking prevents some flight of capital). This is in itself a desirable aim, especially as far as the rate of foreign exchange is concerned. But it may also discourage dis-saving out of real assets, if their prices are kept down. Thus the blocking of funds may have its usefulness, but it must be realized that it can be only a supplementary measure with very limited effects.

While the inadequacy of blocking schemes which aim merely at freezing liquid funds has been demonstrated, it may still be asked whether Mr. de Scitovszky's scheme could not, by itself, eliminate the black market. This is doubtful for two reasons. First, the black market can to a large extent exist even without cash; there are many types of valuable and easily transportable goods which may and do take the role of money, and keep the black market going. Second, the peasant problem remains intractable under this scheme. If the peasants are to be paid in blocked currency, they will, rightly or wrongly, regard this as confiscation, and deliveries will not be forthcoming. If they are paid in cash, a loophole appears in the scheme. The cash will leak back into the town.

Mr. de Scitovszky's blocking scheme can, therefore, achieve no more than comprehensive rationing, and where the latter already exists, there is not much to be gained by the former. The only proper course of action is then to direct the flow of commodities into the official, controlled market.

IV. Inadequate Measures to Fight Inflation

There is one way of solving the inflation problem which has not been mentioned so far. If it is possible to obtain sufficiently large supplies from abroad on credit terms, so that the government can distribute ample rations on the ' official ' market, then the demand on the black market will decrease. Prices on the black market will fall and the peasants will after a time become convinced that the government has the situation under control, and they will then deliver at official prices.

For a number of continental countries this possibility of getting ample credits may simply not exist. The only way for them is to make shift with their own resources, including what they can acquire by barter with other countries, and with such UNNRA supplies and limited loans as they may be able to obtain. They must then control inflation by the arrangements described earlier on (paragraph 2). It is important to realise that under these conditions control of inflation will be possible only if and when production has been got going. The fact has to be faced that inflation—outside the official and controlled market—will go on until production has increased sufficiently. Therefore any policy which tends to hinder the speediest revival of production, in fact, postpones the day of ultimate stabilisation of the price level. A number of measures either directed against inflation, or dictated by fear of inflation, have just this effect. This applies to increases in indirect taxation or in income tax on lower incomes, which are perfectly futile and only harmful to the incentive to work. It applies also to the policy of keeping wages low in face of very high black market prices and inadequate supplies on the official market. Conditions in *Austria* may be taken as an example. Supplies of food and other consumers' goods at controlled prices are inadequate ; with wages kept at war-time levels, it is difficult for workers to buy in the black market at enormously inflated prices. The result of this on the incentive to work and workers' morale is disastrous. Moreover, workers often labour without any wages at all. It is reported again and again that here or there a factory has been restarted by the efforts of its workers who worked for weeks without pay. Other reports speak of factories where production is running, but where it is not yet ' possible ' to pay the full wages. Thus, while inflation out of dis-savings is running wild, the most useful work remains unpaid, and all other work is so insufficiently paid as to discourage it. This policy is no doubt largely influenced by misguided ideas of how one can fight inflation. It not only sharpens the very disadvantages of the inflation (low real wages, destruction of small savings), but it hinders the restarting of production and with it the only chance for ultimate control of inflation. It is indeed a policy of putting the cart before the horse. The only appropriate policy in the conditions described is to restart production first. If a limited increase in wages is necessary to restore the incentive to work, it can be carried out without a change in prices in the ' official ' controlled market. Prices there can be kept stable, if needs be, by subsidies. As production gets going, barter arrangements with other countries, and between the government and the peasants will make it possible to reduce the black market more and more, so that finally it will become unimportant.

J. STEINDL.

FOOD CONSUMPTION
IN NORTH-WESTERN AND WESTERN EUROPE, 1943-4 & 1945.

The United Food Board put the minimum calorie requirements per head of a civilian population working under conditions similar to those of the United Kingdom during the war at 2,400 per day net.[1] A lower average intake of about 2,000 calories is usually regarded as sufficient for health, given a reduced state of activity. The following data on consumption levels in Europe may be judged by these standards.

The Table shows the official rations of ' normal ' consumers in Belgium, France, Holland, Denmark, Norway and Germany. The information refers to the Autumn of 1943 and the Summer or Autumn of 1945. Since the 1943-rations were maintained without much change until the Spring or Summer of 1944, they cover the last period of full German control. The main exception is France, where the basic allowances were reduced considerably in the first half of 1944 so that at the time of the invasion they were well below the 1943 level.

The basic rations do not coincide with total consumption. The peasants in particular, who in these countries form between 20—35% of the population, have been able throughout the war to retain, legally or illegally, a much higher proportion of their output than corresponds to any official rations. Moreover, where rationing is only partial, as in Denmark, the food supply even of the urban population may be far in excess of the rationed consumption. In the other countries where rationing was (and still is) more comprehensive,[2] allowance must be made (*a*) for the special rations of priority groups, and (*b*) for black market purchases and gifts from friends and relatives in the country.

As to the first factor it has been calculated that in 1943 the legal rations of the *average* German and French urban consumer contained about 10—15% more calories than the basic rations of the *normal* consumer.[3] The difference between the average rations of all consumers and the basic allowances was probably of more or less the same order in the other countries.

As to the provision of rationed food through illegal and unofficial channels, it is estimated that during the war these supplements were equivalent in France to at least one-third of total urban consumption, which on this basis would have been between 1,800—2,000 calories per day (1943). The mal-distribution of supplies which goes with the black market imposed, however, a very much lower diet, both in quantity and even more in quality, on the poorer sections of the urban population.

The opportunity for supplementing rations though the black market and through direct contacts with farmers varies with the degree of

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[1] ' Food Consumption Levels in the United States, Canada, and the United Kingdom,' p. 42. The report adds that the figure of 2,400 calories ' is the lowest estimate which may be regarded as reasonable. p. 43.

[2] Apart from Denmark the most substantial legal addition to the rations could be obtained in Norway where fish was off the ration. The increased cosumption of fish during the war compensated to a certain extent for the decline in the supply of meat.

[3] ' Food Rationing and Supply 1943/4,' League of Nations, p. 32. The scales of the differential rations are also given in this publication.

Weekly Rations of 'Normal' Consumers

(in ounces)

loc. r. = locally rationed ; o.d. = occasional distribution

		Bread	Potatoes	Sugar	Jam Honey, etc.	Meat	Fats	Cheese	Calorie Value of all rations[1]	Calorie value of total urban consumption[2]
Belgium	Autumn 1943	74	122	8	5	5[3]	3¾	1¾	1,555	1,800—2,000
	„ 1945	110	73	8	5	10	8½	2½	2,000	2,200
France	Autumn 1943	74	32[4]	4½	loc. r.	4½[5]	2½	1¾	1,115	1,800—2,000
	„ 1945	86[6]	loc. r.	4	loc. r.	5½	5	1	1,200[7]	2,000
Holland	Autumn 1943	66	105[8]	9	4½	4½	5	1¾	1,580	2,000
	„ 1945	98	105	7	2	3½	8½	3½	2,100	2,200
Denmark	Autumn 1943	82	free	10½	free	loc. r.	10½	free	1,500	2,800—3,000[9]
	„ 1945	83	free	12½	free	loc. t.	9	free	1,470	3,000[9]
Norway	Autumn 1943	64	105	7	2½	1¾[10]	7½	1½	1,480	2,000—2,200[11]
	„ 1945	80[12]	free	7	o. d.	nil	10	1¼	1,500	2,400
Germany	Autumn 1943	85	122	8	6	9	6½	2	1,930	2,300
	„ 1945[13]	87	70	4½	2	5½	3½	½	(1,550)[13]	(1,400—1,700)[13]

[1] Calculated per head per day, and allowing for the calorie value of other nationally fixed rations (e.g. flour, cereals, sweets, milk, etc) [2] per head per day. [3] plus ¾oz. of sausage. [4] Dept. Seine. [5] Urban districts. [6] Derationed from 1st November. [7] Exclusive of local distributions which normally add about 400 calories to the nationally fixed rations. [8] Plus extra 35oz. to consumers in the lowest income group. [9] Most foods incl. milk and eggs unrationed. [10] Plus 18oz. tinned fish. [11] See footnote 2, text. [12] Incl. cereal products in terms of bread. In addition 3½oz. pulses. [13] British zone. For the estimated calorie value see text.

urbanisation (which is lowest in France), with the efficacy of control and the attitude of the population. In occupied Holland and Norway black-markets were on a smaller scale than in France ; in Germany they were even less significant. The total war-time food supply of the non-farm population in the former countries was, however, at least as high as in France, since the legal rations were better. In war-time Germany the urban consumpton level was probably very near to the calorie value of the *average* legal rations, which was just over 2,100 in 1943-4 ; allowing for a small margin, total food intake in the towns may be put for Germany at about 2,300 calories per day in 1943-4.

Economic and transport difficulties reduced urban food supplies still further in the period immediately before and after liberation. This was particularly the case in France, where in the summer and autumn of 1944 legal rations provided less than 1,000 calories per day (in Paris). The same applied to parts of Holland. But there has been much improvement since then. According to a statement of the Minister of Food (Hansard, 26th October 1945, cols. 2452—3), the aggregate consumption per head of the non-farm population in Belgium and Holland now amounts to about 2,200, and in Norway to 2,400, calories per day. In France, the margin—if any—above minimum requirements is smaller, though the position will further improve with the de-rationing of bread announced for November. In Denmark, on the other hand, where many food items are unrationed, consumption is considerably higher ; even during the war it was probably very near to 3,000 calories.

Present German consumption is difficult to estimate. Some of the rations are not always available, and little is known about what people can obtain over and above their basic allowances. Also, there are variations within and between the various zones. The rations listed in the Table refer to the British zone (October 1945). Their total calorie value would be 1,550 per day, but this is a target figure that has not yet been reached; the actual calorie supply, according to the Minister of Food (*loc. cit.*), is between 1,300 and 1,400. Conditions are similar in the American zone,[1] but worse in the French zone where the daily average food equivalent is 1,000 calories.[2] Even at the planned level of 1,550 calories per day, the consumption level in Germany would, of course, be lower—in quantity and quality—than in any other country of Western and North Western Europe.

K. MANDELBAUM.

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[1] According to General Eisenhower's report, 60% of the population in the American zone live on a sub-standard diet. *Cf. The Times*, 1st November 1945.

[2] Statement of General de Gaulle, reported in *The Times*, 13th October 1945. No sugar has been distributed in the French zone since the occupation, and no meat since the late summer.

CORRIGENDA

The article ' Estimates of Post-war Housing Needs ' in Bulletin, Volume 7, No. 13, gives a summary of estimates of housing needs by various experts. In quoting Miss Bowley's estimate of 965,000 houses needed it was unfortunately not explained that this estimate refers only to housing arrears accumulated during the war up to the end of 1944 in England and Wales. Her estimate for total needs in England and Wales, also given in ' Housing and the State ', makes allowance for the replacement of sub-standard working-class houses existing in 1939, for the replacement of houses destroyed in raids up to November 1944, and for the net increase of all families for the decade 1940–1950 (minus the houses actually built from 1940 to 1944). The figures quoted from Mr. Elsas must be adjusted for raid damage. Lines 3 and 8 of the table on page 225 should read as follows :

M. I. Elsas	20	7400[1]	3000	700[2]	200	500	300
M. Bowley	15—20	5200	4000[3]	500	525[4]	190	

[1] Including 2,700 for old people, rural districts and migration.

[2] Overcrowding and Slum Clearance.

[3] Working-class houses only.

[4] Net increase of families 1940—1950 minus the number of new houses built 1940—1944.